

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

THE CATV POLE ATTACHMENT)
TARIFF OF HIGHLAND TELEPHONE)
COOPERATIVE, INC.)

ADMINISTRATIVE
CASE NO. 251-10

O R D E R

Procedural Background

On September 17, 1982, the Commission issued an Amended Order in Administrative Case No. 251, "The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments," and ordered electric and telephone utilities providing or proposing to provide CATV pole attachments to file tariffs conforming with the principles and findings of the Order on or before November 1, 1982.

On October 29, 1982, Highland Telephone Cooperative, Inc., ("Highland") filed rates, rules, and regulations governing CATV pole attachments. On November 15, 1982, the Commission suspended Highland's CATV pole attachment tariff to allow the maximum statutory time for investigation and comment from interested persons.

On November 19, 1982, the Kentucky Cable Television Association, Inc., ("KCTA") requested and was granted leave to intervene and comment on Highland's CATV pole attachment tariff. On January 17, 1983, KCTA filed a statement of objections to various CATV pole attachment tariffs, but made no specific objections in the case of Highland.

The Commission considers the matter of Highland's CATV pole attachment tariff submitted for final determination.

Findings

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. Highland's rules and regulations governing CATV pole attachments conform with the principles and findings of the Commission's Amended Order in Administrative Case No. 251, and should be approved, except as follows:

(a) Highland did not file a rule or regulation governing CATV anchor attachments. The Commission advises Highland that it is not required to provide CATV anchor attachments. However, in the event Highland provides or plans to provide CATV anchor attachments, it should file a CATV anchor attachment rate, along with appropriate cost information.

(b) Highland did not file a rule or regulation governing CATV conduit usage. The Commission advises Highland that in the event it provides or plans to provide CATV conduit space, it should file a CATV conduit usage rate, along with appropriate cost information.

(c) At page 55, section A.1, the Commission advises Highland that the service requirements of a CATV operator cannot be subordinated to the service requirements of other customers. If pole attachment space is available or can be made available, then Highland cannot deny service to a CATV operator. Therefore, the non-interference clause of this regulation and any similar statements elsewhere in the tariff should be deleted.

2. Highland failed to provide sufficient information to verify its calculations of embedded pole cost. Therefore, Highland should

file information from plant records or another reliable source showing the number of 30-foot, 35-foot, 40-foot, and 45-foot poles in service, and related pole investment. The information should be classified according to vintage year. Also, any discrepancy between the total number of poles shown in the calculations of embedded pole cost and the total number of poles shown in the 1981 Annual Report should be explained.

3. Highland's calculation of its annual carrying charge should be modified as follows:

(a) The depreciation component should be 4.50 percent, as stated in the 1981 Annual Report.

(b) The cost of money component should be deleted, because the cost of debt was included in the last rate of return authorized by the Commission.

(c) The taxes component should be 1.57 percent, as calculated from the 1981 Annual Report.

(d) The administration and overhead should be 4.73 percent, as calculated from the 1981 Annual Report.

(e) The maintenance component should be 2.15 percent, as calculated from the 1981 Annual Report.

(f) The rate of return component should be 9.30 percent, as authorized by the Commission in Case No. 6804, "The Highland Telephone Cooperative, Inc., For Permission To Borrow \$2,858,000, and To Adjust Rates Effective June 1, 1977."

(g) The total annual carrying charge should be 22.25 percent, based on calculations from the 1981 Annual Report and the Commission's Order in Case No. 6804.

4. Highland should be allowed to substitute 1982 Annual Report information to adjust its annual carrying charge from the level stated in this Order, if the information is available and filed with the Commission. Furthermore, any adjusted calculation of the annual carrying charge should be made as outlined in Attachment 1 to this Order, unless a specific deviation is requested and reasonable cause is demonstrated.

Orders


IT IS THEREFORE ORDERED that Highland's CATV pole attachment tariff as filed with the Commission on October 29, 1982, be and it hereby is denied.

IT IS FURTHER ORDERED that Highland shall file revised rates, rules, and regulations governing CATV pole attachments with the Commission within 30 days from the date of this Order, and that the revised rates, rules, and regulations shall conform with the findings of this Order.

IT IS FURTHER ORDERED that Highland shall file information as outlined in this Order concerning embedded pole cost, at the same time it files its revised rates, rules, and regulations.

Done at Frankfort, Kentucky, this 31st day of March, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Commissioner

Secretary

Attachment 1

CATV Annual Carrying Charge

The annual carrying charge should be based on the 1981 or 1982 Annual Report, Form M, to the Public Service Commission of Kentucky, and Commission Orders, as follows:

1. Depreciation

Depreciation on pole lines is stated at Page 31, Line 7, Column (d).

2. Taxes

The formula for calculating taxes is:

$$\frac{\text{Page 16, Lines 6 + 7, Column (b)}}{\text{Page 12, Line 10, Column (b)}}$$

3. Administration and Overhead

The formula for calculating administration and overhead is:

$$\frac{\text{Page 61, Lines 36 + 45 + 51 + 61, Column (b)}}{\text{Page 12, Line 10, Column (b + c)}} \times 2$$

4. Maintenance

The formula for calculating maintenance is:

$$\frac{\text{Page 60, Line 1, Column (b)}}{\text{Page 19, Line 11, Column (b + h)}} \times 2$$

5. The rate of return should be the most recent rate of return authorized by the Commission.